

Message Text

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PRS-01 USIA-06 SS-15 SP-02 NSC-05 CIAE-00 INR-07
NSAE-00 /061 W
-----044362 142256Z /66

R 141850Z DEC 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC 4012
USMISSION USBERLIN
INFO AMEMBASSY BERLIN
AMEMBASSY LONDON
AMEMBASSY MOSCOW
AMEMBASSY PARIS
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C O N F I D E N T I A L SECTION 01 OF 03 BONN 20740

E.O. 11652: GDS
TAGS: PGOV, BQG, WB
SUBJECT: STOBBE REVIEWS BERLIN SITUATION

REFS: (A) USBER A-150
(B) USBER 3034
(C) USBER 3098
(D) USBER 2880 (NOTAL)

BEGIN SUMMARY: BERLIN GOVERNING MAYOR STOBBE REVIEWED
BERLIN SITUATION WITH AMBASSADOR STOESSEL FOR NEARLY
AN HOUR DECEMBER 9. STOBBE CONTINUES TO SHOW GREAT
ENERGY AND OBVIOUSLY ENJOYS BEING GOVERNING MAYOR. HE
BELIEVES FIRST SEVEN MONTHS OF HIS ADMINISTRATION HAVE
BEEN A SUCCESS AND HOPES TO HAVE RESOLVED THE FOUR
MAJOR ISSUES WHICH HAD CONFRONTED CITY WHEN HE TOOK
OVER AS GOVERNING MAYOR BEFORE CONCLUSION OF HIS FIRST
YEAR IN OFFICE. HE REMAINS CAUTIOUSLY OPTIMISTIC ABOUT
CITY'S ECONOMIC FUTURE AND CONTINUES TO HOPE FOR U.S.
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SUPPORT IN THIS AREA. STOBBE WAS NEGATIVE ABOUT
PUTTING THE NATIONALSTIFTUNG IN BERLIN. END SUMMARY

1. AT OUTSET OF HIS CALL, AMBASSADOR STOESSEL
ADVISED GOVERNING MAYOR STOBBE THAT SECRETARY OF
COMMERCE JUANITA KREPS HAD AGREED TO VISIT BERLIN
NEXT YEAR IN CONJUNCTION WITH THE 75TH ANNIVERSARY OF

THE AMERICAN CHAMBER OF COMMERCE IN GERMANY. STOBBE WAS CLEARLY DELIGHTED AT THIS NEWS AND SAID HE WOULD WORK WITH THE MISSION TO PREPARE A GOOD PROGRAM FOR HER.

2. THE DISCUSSION OF SECRETARY KREPS' PROPOSED VISIT LED DIRECTLY TO OBSERVATIONS BY THE GOVERNING MAYOR ON THE CURRENT ECONOMIC SITUATION IN BERLIN. STOBBE HAD MET THAT MORNING (DEC 9) WITH THE AMERICAN CHAMBER OF COMMERCE IN GERMANY. THE CHAMBER IS CONCERNED THAT THE NEW GERMAN CORPORATE TAX LAW AND POSSIBLE CHANGES IN U.S. TAX LAWS TAKEN TOGETHER WILL HAVE A NEGATIVE EFFECT ON U.S. INVESTMENT POSSIBILITIES IN BERLIN. CONSEQUENTLY, THE CHAMBER WOULD LIKE TO HAVE THE BERLIN SENAT CONTINUE ITS EFFORTS TO CONVINCE THE U.S. GOVERNMENT TO MODIFY ITS TAX POLICIES WHICH MAY HAVE EFFECT OF DETERING U.S. INVESTMENTS IN BERLIN. AMBASSADOR STOESSEL TOOK NOTE OF THE GOVERNING MAYOR'S STATEMENT AND REMINDED HIM THAT TREASURY SECRETARY BLUMENTHAL HAD SUGGESTED IT WOULD BE PREFERABLE TO SEE WHAT CHANGES ARE MADE IN U.S. TAX LAW BEFORE CONSIDERING POLICY MODIFICATIONS. ON A MORE OPTIMISTIC NOTE, HOWEVER, STOBBE OBSERVED THAT THE RECENT DOWNWARD TREND IN INVESTMENTS IN BERLIN APPEARS TO BE BOTTOMING OUT AND THERE ARE SOME INDICATIONS THAT INVESTMENTS HAVE ALREADY BEGUN TO MOVE UPWARD.

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3. STOBBE SAID THERE WAS CONSIDERABLE SENTIMENT IN BERLIN FOR HIM TO LEAD A DELEGATION OF GOVERNMENT AND BUSINESS EXPERTS TO THE U.S. TO PURSUE ON A FACE-TO-FACE BASIS U.S. INVESTORS WHO HAD EXPRESSED INTEREST IN COMING TO BERLIN. STOBBE SHOWED SOME DISINCLINATION TO PARTICIPATE IN SUCH A TRIP WHICH HE FELT COULD BE BETTER HANDLED BY NON-POLITICAL REPRESENTATIVES. NONETHELESS, HE WOULD GO IF IT WOULD RESULT IN INVESTMENT HERE. STOBBE MENTIONED IN PASSING THAT HE WOULD VISIT LOS ANGELES THE NEXT TIME HE GOES TO THE STATES (PERHAPS LATE SPRING 1978). LOS ANGELES IS BERLIN'S SISTER CITY.

4. PICKING UP ON THIS POINT, AMBASSADOR STOESSEL GAVE THE GOVERNING MAYOR A COPY OF MURRAY SEEGER'S RECENT LENGTHY ARTICLE ON STOBBE WHICH HAD APPEARED IN THE LOS ANGELES TIMES (AS WELL AS IN THE INTERNATIONAL HERALD TRIBUNE). THE AMBASSADOR NOTED THE POSITIVE TONE OF THE ARTICLE AND CONGRATULATED STOBBE ON HIS

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FIRST SEVEN MONTHS IN OFFICE. THE GOVERNING MAYOR WAS OBVIOUSLY PLEASED WITH THE ARTICLE AS WELL AS WITH HIS OWN PERFORMANCE THUS FAR. WITH GREAT ENTHUSIASM, HE COMMENTED, "SO FAR EVERYTHING HAS WORKED" AND THEN WITH ALL THE DELIGHT AND PLEASURE OF A FIRST-TIME FATHER HE BEAMED ALL OVER IN REPORTING THAT HE WAS JUST DELIVERING HIS "FIRST BUDGET" WHICH AMOUNTED TO OVER DM 15 BILLION. IT WAS ABUNDANTLY CLEAR FROM HIS ATTITUDE WHEN DISCUSSING THE BUDGET THAT STOBBE HAS LOST NONE OF HIS INITIAL ZEST FOR GOVERNING.

5. STOBBE OBSERVED THAT WHEN HE CAME TO OFFICE, HE HAD SET FOR HIMSELF THE TASK OF PUTTING RIGHT FOUR MAJOR ISSUES WHICH HAD GONE WRONG UNDER THE SCHUETZ ADMINISTRATION: (A) THE STEGLITZER KREISEL, (B) THE INTERNATIONAL CONFERENCE CENTER (ICC), (C) THE APPARENT ADMINISTRATIVE MISMANAGEMENT AND CRONYISM

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IN THE CITY-OWNED ENTERPRISES AND (D) THE BUILDING OF A 900-MEGAWATT POWER STATION. THE "KREISEL" WAS SOLVED, STOBBE NOTED, WITHIN FOUR MONTHS OF HIS COMING TO OFFICE. THE ICC APPEARS HEADED FOR SUCCESS, AND BARRING UNFORESEEN CIRCUMSTANCES, SHOULD PROVE A PLUS FOR THE CITY. STOBBE BELIEVES THE WORST IS BEHIND HIM WITH RESPECT TO PUTTING THE CITY-OWNED ENTERPRISES IN ORDER AND LIMITING THE INFLUENCE OF THE PUBLIC SERVICE EMPLOYEES AND TRANSPORT WORKERS UNION (OETV) OVER THOSE SAME ENTERPRISES. THE GOVERNING MAYOR OBSERVED THAT IT WILL BE NECESSARY TO CHANGE SOME ASPECTS OF THE CITY-OWNED ENTERPRISE LAW (EIGENBETRIEBGESETZ) IN ORDER TO CONVINCE THE PUBLIC THAT THE UNIONS DO NOT HAVE THE UPPER HAND IN RUNNING THE CITY-OWNED ENTERPRISES. STOBBE ALLOWED THAT A LOT OF DISCUSSION WITH THE UNIONS LIES AHEAD IN THE WEEKS AND MONTHS TO COME, BUT HE HOPES TO RESOLVE THIS COMPLEX PROBLEM BY EASTER.

6. STOBBE EMPHASIZED VERY STRONGLY THE NEED TO CONSTRUCT A MAJOR NEW POWER STATION IN THE CITY IN ORDER TO PROVIDE FOR WEST BERLIN'S FUTURE ENERGY NEEDS, BOTH IN THE PRIVATE AS WELL AS THE INDUSTRIAL SECTORS. HE SAID HE MUST HAVE ALLIED SUPPORT IN CARRYING OUT THE POWER PLANT PROJECT WHICH HE FEELS IS OF FUNDAMENTAL IMPORTANCE FOR GUARANTEEING THE CITY'S ECONOMIC FUTURE. STOBBE SAID HE WOULD RAISE THE ISSUE WITH THE ALLIED COMMANDANTS DECEMBER 14 IN AN EFFORT TO BREAK THE IMPASSE POSED BY CONFLICTING AIR SAFETY AND ENVIRONMENTAL PROTECTION REGULATIONS. (N.B. THE PROPOSED POWER STATION SITE IS JUST TO THE SOUTHWEST OF TEGEL AIRPORT. ENVIRONMENTAL PROTECTION REGULATIONS REQUIRE EXTREMELY TALL VENTING SMOKESTACKS WHILE AIR SAFETY REGULATIONS FORBID OBSTACLES OF THE

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NECESSARY HEIGHT IN THE VICINITY OF THE TEGEL GLIDEPATH.) STOBBE CONCLUDED BY SAYING HE HOPES THAT ON MAY 2, 1978, THE ANNIVERSARY OF HIS ASSUMPTION OF OFFICE, HE COULD ANNOUNCE THAT THE SENAT HAD RESOLVED THESE FOUR MAJOR ISSUES TO THE BENEFIT OF THE CITY. HE HOPED THE US WOULD HELP HIM, PARTICULARLY WITH RESPECT TO BRINGING CONGRESSES TO BERLIN AND IN RESOLVING THE POWER STATION SMOKESTACK PROBLEM.

7. COMMENTING ON THE INTERNATIONAL SITUATION, STOBBE SAID HE DOES NOT BELIEVE THE SOVIETS ARE STARTING A NEW ANTI-BERLIN CAMPAIGN. ON THE OTHER HAND, HE COULD NOT OFFER ANY SATISFYING EXPLANATION FOR THE RECENT SPATE OF ARTICLES APPEARING IN THE EASTERN PRESS OR THE SOVIET EMBASSY'S PROTEST OF NOVEMBER 29 (REF B).

REFERRING TO THE REFUSAL BY THE GDR TO ADMIT MEMBERS OF THE LOWER SAXONY FDP PARTY CAUCUS TO VISIT EAST BERLIN (REF C), STOBBE STRESSED THAT, IN PRINCIPLE, THE GDR ACTION WAS VERY SERIOUS BECAUSE IT WAS DIRECTED AGAINST THE FUNDAMENTAL RIGHT OF ACCESS BY WEST GERMANS BETWEEN THE TWO HALVES OF THE CITY WHICH HAD BEEN ESTABLISHED AS LONG AGO AS 1949 BY THE JESSUP-MALIK AGREEMENT WHICH ENDED THE BERLIN BLOCKADE AND WHICH HAD CONTINUED DESPITE THE WALL. ON THE OTHER HAND, STOBBE SAID, THE FDP GROUP HAD BUNGLED THE ARRANGEMENTS FROM THE BEGINNING BECAUSE THEY HAD ASKED THE GDR'S PERMISSION TO MAKE THE VISIT. STOBBE CLAIMED THE GDR HAD TWICE ATTEMPTED IN A VEILED MANNER TO WARN THE FDP NOT TO SEEK FORMAL PERMISSION TO VISIT THE GDR OR EAST BERLIN BUT TO CARRY OUT ITS VISIT ON AN INFORMAL BASIS. FINALLY, HOWEVER, THE PUBLICITY ABOUT THE PROPOSED VISIT FORCED THE GDR TO TURN THE GROUP BACK. SUMMARIZING, STOBBE

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REITERATED THAT THIS INCIDENT WAS MORE SERIOUS THAN THE REFUSAL BY THE GDR TO PERMIT THE CDU BUNDESTAG CAUCUS TO VISIT POTSDAM; UNDER THE CIRCUMSTANCES,

HOWEVER, HE SUGGESTED IT WAS NOT NECESSARY TO PURSUE THE MATTER TOO VIGOROUSLY.

8. THE AMBASSADOR ASKED THE GOVERNING MAYOR ABOUT THE FUTURE OF THE NATIONALSTIFTUNG. STOBBE REPLIED HE WOULD GO TO BONN DECEMBER 16 TO DISCUSS THE MATTER FURTHER WITH THE COMMITTEE SET UP BY CHANCELLOR SCHMIDT FOR THE PURPOSE OF DETERMINING ITS FUTURE (REF D). STOBBE SAID HE SAW NO PARTICULAR NEED TO RUSH AND WAS CLEARLY UNHAPPY ABOUT THE DEC 16 DATE. HE SAID HE THOUGHT IT WOULD BE BETTER TO HAVE THE MEETING IN MID-JANUARY, BUT MAIHOFFER WAS INSISTING ON DEC 16. HE CONTINUES TO FAVOR HIS OWN PROPOSAL THAT THE FUNCTION OF THE NATIONALSTIFTUNG BE SUBSUMED IN THE ALREADY EXISTING
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STIFTUNG PREUSSISCHER KULTURBESITZ. STOBBE ARGUED THAT ALL OF THE OTHER LAENDER ARE MEMBERS OF THE PREUSSISCHER KULTURBESITZ, AND THAT IT IS ALREADY ENGAGED IN BUYING UP PRUSSIAN "NATIONAL" ART TREASURES. IT WOULD BE A SMALL STEP TO AUTHORIZE IT TO PURCHASE ART TREASURES OF BAVARIA, BADEN, WURTTENBERG OR OTHER WEST GERMAN ORIGINS, AND TRANSFER THEM TO THEIR ORIGINAL HOME FOR DISPLAY OR SAFEKEEPING. STOBBE CLAIMED THAT MOST OF THE OTHER COMMITTEE MEMBERS WERE IN AGREEMENT THAT THE IDEA OF A NATIONALSTIFTUNG AS IT IS PRESENTLY BEING DISCUSSED SHOULD BE QUIETLY DROPPED, BUT THAT FDP INTERIOR MINISTER MAIHOFFER CONTINUES TO CHAMPION THE IDEA IN ORDER TO GIVE HIMSELF A SAY IN GERMAN CULTURAL MATTERS, WHICH PRESENTLY LIE OUTSIDE HIS AREA OF COMPETENCE. STOBBE ALSO SAID HE THOUGHT IDEA OF PUTTING THE NATIONALSTIFTUNG IN BONN (WHETHER OR NOT UNDER THE FRG PRESIDENT'S SPONSORSHIP) WAS POLITICALLY UNTHINKABLE. PUTTING THE ORGANIZATION UNDER THE SPONSORSHIP OF THE FEDERAL PRESIDENT WOULD IN ANY CASE LEAD TO EVEN MORE POLITICAL PROBLEMS IN BERLIN THAN WOULD THE PRESENT PROPOSAL BECAUSE IT WOULD REQUIRE THE FEDERAL PRESIDENT TO TAKE OFFICIAL ACTS AFFECTING THE ACTIVITIES OF THE NATIONALSTIFTUNG (OR ITS BRANCH) IN WEST BERLIN.

9. COMMENT: STOBBE CONTINUES TO REFLECT CONSIDERABLE SELF-CONFIDENCE IN HIS OWN ABILITY TO SET THINGS RIGHT WITH RESPECT TO WEST BERLIN'S INTERNAL POLITICAL SITUATION, AND SHOWED NO PARTICULAR CONCERN OVER THE INTERNATIONAL SITUATION AS IT AFFECTS THE CITY. THE ONE NOTE OF CAUTION WHICH HE SOUNDED DURING THE CONVERSATION WAS THAT HE WAS ALMOST WORRIED THAT THINGS WERE PRESENTLY GOING TOO WELL FOR HIM AND HIS PARTY, AND
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THAT THIS SOMEHOW MEANT PROBLEMS MUST LIE AHEAD.

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Message Attributes

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